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Stimulating Indigenous Agribusiness Development in Zimbabwe:

A Concept Paper



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Technical Paper No. 72
August 1997



***Productive Sector Growth and Environment Division
Office of Sustainable Development
Bureau for Africa
U.S. Agency for International Development***

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Foreword

Indigenous Southern African Farmers and emergent businesses are ill prepared to participate in the imminent economic revolution in this region. In spite of massive donor technical and financial outlays, indigenous agricultural business operators remain foreigners to their own national and regional agribusiness markets.

One of the strategic objectives of Initiative for Southern Africa (ISA) is to increase indigenous business development and ownership. A key thrust of the ISA will be promoting the development and increased participation of the indigenous private sector in all areas of the regional economy, with a particular focus on stimulating growth and increased productivity among small and medium sized enterprises. USAID believes that it is critically important to respond to the growing need across the region for jobs, and to assure that people traditionally excluded as economic operators in the region secure a stake in and share the benefits of economic growth.

Under the ISA initiative, USAID has established a regional enterprise development program to provide loans, grants, equity investments, technical assistance and training to encourage the creation and expansion of commercially and developmentally vi-

able enterprises. The program will also identify and promote the adoption of specific market-oriented macro-economic policies needed to stimulate and facilitate the development of the indigenous private sector.

Through the use of commodity sub-sector approach, this concept paper proposes (a) market-driven farm and off-farm entrepreneurial options that could lead to the creation of indigenous oriented economic growth, and (b) empowerment of micro, small and medium scale private enterprises and create enabling environment conducive for equitable growth of indigenous agribusiness in Zimbabwe.

This report is one of a series of studies on indigenousization of the economies in the Southern African sub-region, being conducted by the International Programs Office of the University of Maryland Eastern Shore, and through the private sector.

David A. Atwood, Chief
Productive Sector Growth and Environment Division
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business development in the Southern African sub-region, any comments and suggestions on this concept paper would be appreciated. Correspondences can be sent to Emmanuel Acquah, Office of International Programs, University of Maryland Eastern Shore, Princess Anne, Maryland 21853; Telephone (410) 651-6192; Fax (410) 651-6292; and e-mail eacquah@umes-bird.umd.edu.

Glossary of Acronyms and Abbreviations

AGRITEX	Department of Agricultural, Extension, and Technical Services
CFU	Commercial Farmers Union
ESAP	Economic Structural Adjustment Program
GMB	Grain Marketing Board
GOZ	Government of Zimbabwe
NGOs	nongovernmental organizations
PSD	Private Sector Development
SADC	South African Development Committee
SAEDF	South African Enterprise Development Fund
USAID	United States Agency for International Development
ZFU	Zimbabwe Farmers Union

Introduction

Although considerable progress has been made in social and economic stabilization in Zimbabwe after its independence, the path to equitable economic growth has not been as progressive as it was envisaged by the majority of the population at independence. Several writers including Magadzire, Masanzu, Mudimu have suggested that the improvement in the economic welfare of the majority of the population has been minimal. Even though there has been inequitable distribution of income and access to critical resources, namely land, housing, businesses, and other resources essential for creation of further wealth, credit is skewed to the minority white population which owns most of the commercial farmlands in the highly productive natural regions I, II, and III. At the same time, the black majority is relegated to marginal lands in communal areas in natural regions IV and V and has little or no ownership of productive resources.

The Zimbabwe Government officially embarked on its Economic Reform Program, known as the Economic Structural Adjustment Program, on January 18, 1991 (Masanzu, 1994). Under the ESAP, the government has taken major economic steps to restructure the economy. It has accepted the idea of open and market-oriented policies that are required to liberalize the economy. According to USAID's country program strategic plan (1994-1998) for Zimbabwe, there is some evidence that the government is reluctant to disinvest or open up the economy to further private investment. This reluctance reflects the concern that further privatization will lead to

more disenfranchisement of the black majority, which now does not have an equitable share of the economy. The past experiences of colonial domination is a frequent reminder that unless and until black private investment and ownership become more viable and visible, there will be the danger of foreign dominance and or a continuation of white Zimbabwean minority control of the economy. It is, therefore, believed that until there are concrete and pragmatic plans to ensure the empowerment of the black majority, the government will continue its reluctance to loosen its control on the economy.

This concept paper proposes (a) market-driven farm and off-farm entrepreneurial options that could take advantage of the ESAP achievements, thus leading to the creation of indigenous oriented economic growth...

the ESAP achievements, thus leading to the creation of indigenous oriented economic growth, and (b) empowerment of the small and medium scale private enterprises to create an enabling environment conducive for equitable growth of their businesses. This calls for direct interplay between donor assistance and the private sector (farmers, processors, traders) through intensive use of NGOs to enhance domestic capacity of farmer and business associations to solve their problems. In working towards effective and equitable economic growth, it is necessary to increase black ownership and investment at all levels of the economy. Given the major role of the agriculture sector of the economy, it is suggested that black empowerment in the agribusiness sector may be a logical starting point for the indigenization of the economy.

The Model

The proposed model for the indigenization of the agribusiness sector of Zimbabwe is presented in Figure 1. This is a stepwise model which is demand driven and places great importance on organization planning, problem identification, and solution prior to production. The model is designed to be generic and highlights stages involved in planning for any on-farm or off-farm business undertaking.

This is a stepwise model which is demand driven and places great importance on organization planning, problem identification, and solution prior to production.

After establishing a goal to be achieved, the first step in the model is a market situation analysis which starts with the demand for the given commodity or service and works backwards to the production point. This exercise is critical since effective demand is the key determinant of production levels, types of produce, distribution of products, and profit margins. The analysis ends with the identification of enterprise opportunities. Investment decisions, size of operation, and type of business depend on this assessment.

The second step in the model is to analyze pre-production issues which include problem identification and solution processes. Common issues for almost any enterprise may include technical, financial/credit, policy, infrastructure, socioculture, facilitation services (training, research, extension), and availability of critical inputs. Such an analysis enables the indigenous entrepreneurs to plan, organize and decide on strategies and plans of action to participate in a selected enterprise. It helps to identify measures and resources needed for sustainable business operation. Each set of issues (constraints, interventions) may vary according to enterprise and the resources of the entrepreneur. Unlike other business development strategies where the issues in the pre-production stage

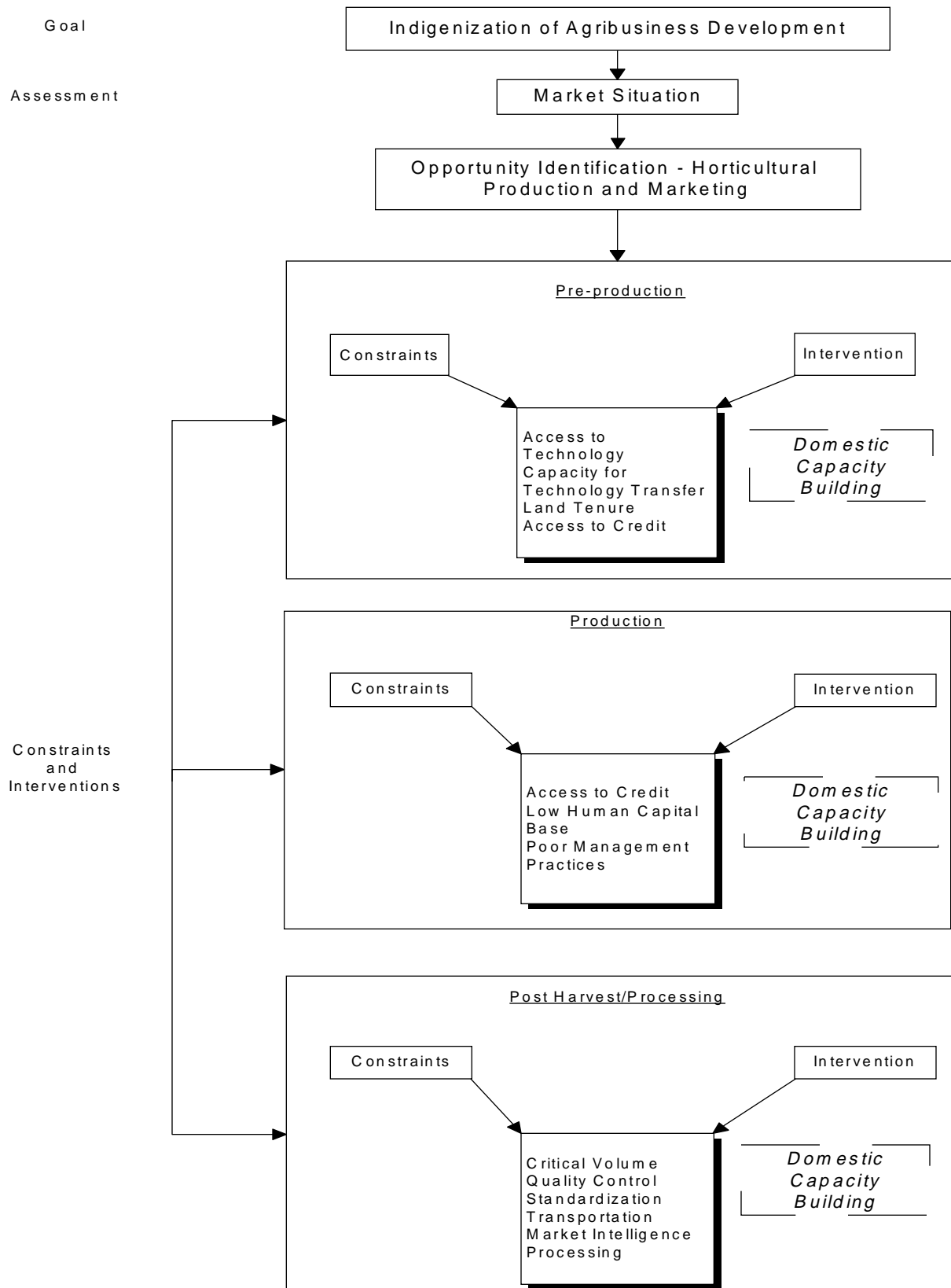
are addressed by facilitating services after the decision has been made to produce, the decision to produce in this case is made only after pre-production constraints have been identified and analyzed, and proposed solutions are formulated. Since issues in the pre-production stage cut across disciplines, a team approach is required to adequately identify, prioritize, and analyze the problems and develop pragmatic solutions for them.

The third step of the model involves the operational activities at the production level, including actual investment and production. This includes the implementation of a business plan for the opportunities identified in the pre-production stage. The production stage follows the logic of the pre-production stage with attention to details on, among others, cultural practices, cost analysis, quality control, finance/credit, policy, infrastructure, socioculture, training, research, and extension services. The functional approach to management (planning, organizing, directing, monitoring, and evaluation) plays an important role in achieving performance levels in line with pre-production expectations.

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The final step of the model involves post-harvest, processing, and marketing issues. Here the technical issues may center around post-harvest, quality control, processing, packaging, distribution, transportation, marketing intelligence, and communication.

Figure 1. A Model Plan for Agribusiness Development



Agribusiness activities (transformation of a commodity into different forms, as needed by consumers, the delivery of the products to the right place, and at the right time) that add value to the commodities are the major concerns of the analyses.

The capacity building component in the model emphasizes the empowerment of individuals, households, local communities, and small business associations to solve their own problems.

Traditionally, the interventions which are proposed to address the constraints in the pre-production, production, and marketing sections are handled through host country governments via bi-lateral and/or multilateral projects. Unfortunately, the impact of such projects has been dismal in most of sub-Saharan Africa. In the cases where such interventions have been successful, they have been found not to be sustainable after project completion dates. This model deviates from the conventional approaches in that the capacity building development subsection of the intervention modes are intended to build domestic private sector capacity to solve problems on a sustainable basis.

There is evidence that official development assistance to developing countries has been declining in real terms since the mid-1980's. Given this trend, it is

necessary for developing countries to develop innovative strategies to complement dwindling donor participation in fostering economic development. The capacity building component in the model emphasizes the empowerment of individuals, households, local communities, and small business associations to solve their own problems. The international donors could assist in this arena by providing technical advice and some financial support to farmers and emergent business through NGOs, private firms, and universities to provide services to Small-scale Farmer Associations and Micro/Small/Medium Enterprise Associations. The empowerment of these organizations could be accomplished through:

- Creation of viable association with enough clout to influence the political process and decisions.
- Mobilization and development of viable rural financial credit unions and saving institutions capable of attracting domestic and foreign investments.
- Provision of technical assistance and training to develop and strengthen rural micro, small and medium enterprises which are labor-intensive and competitive.
- Development and enforcement of standards, weights, measures and regulatory instruments essential to compete in the market place.

Application of the Model

Based on the assessment of the market situation and the literature referenced, the authors suggest the following as major potential subsectors that could be explored to increase indigenous agricultural enterprise development in Zimbabwe: (1) Horticulture Production and Marketing; (2) Oil Seeds Production and Processing; (3) General Transportation and Distribution; and (4) Rural Engineering Services. The Horticulture Production/Marketing enterprises are used to illustrate areas in which the sub-sector model can be applied.

HORTICULTURE PRODUCTION AND MARKETING

The Market Situation

Horticulture (flowers, fruits, and vegetables) is the fastest growing component of the agricultural industry in Zimbabwe. According to reports of ULG consultants (ULG Consultants Limited 1992) and the World Bank (World Bank 1991). There is a significantly large domestic market for vegetables and fruits in Zimbabwe. It is estimated that the local annual consumption of vegetables range between 250,000 to 350,000 tons, while that of fruits is from 40,000 to 60,000 tons. (ULG Consultants Limited 1992). The share of the output produced by communal farmers is very small. Although climatic and soil conditions are favorable for a wide-range of vegetables and fruits, the horticultural industry is mostly undeveloped in the majority of the communal and small-scale farms in the rural areas. Small-scale gardening is more developed around the major towns and cities.

The main vegetables grown by the communal farmers are rape, tomatoes, cabbage, onions, green peppers, garlic, green beans, kale, tunga, and shallots. In the case of fruits, there are no properly established fruit orchards in the communal areas, as it is in the commercial farms. The small-scale farmers, how-

ever, grow fruits in their backyards mainly for home consumption. The major fruits grown are mango, banana, avocado, and guava. Pineapples are grown mainly in Natural Region I, peaches are restricted to Natural Regions II and IV, and guavas are produced in all the regions except Region I.

Cairns Company is the largest food processing company in Zimbabwe. In discussing the company's need for horticultural raw material, it was observed that there is tremendous market opportunity for indigenous farmers to help satisfy this demand.¹ It was noted that the company requires a minimum of 100 tons of groundnut per year but only a small proportion of that is produced by the small-scale farmers, because their efforts are concentrated in producing maize and other subsistence food requirements. The company's demand for fruits (guava, pineapple, mangos) are mostly supplied by major commercial growers. The company also has a large requirement for potatoes, tomatoes, species (paprika, ginger, chilies, onions), beans, and custard seeds. At present, the small-scale farmers are not organized or prepared to produce for this market. It is estimated that small-scale and communal farmers' market share of vegetables is 40%, that of cotton is 65%, and they produce about 54% of the country's maize (Agricultural Marketing Authority 1993).

Opportunities

Fruit and vegetable drying seems to be a viable business opportunity for entry by small-scale entrepreneurs. For example, Lamin and Son, which started processing a wide range of fruit as a hobby, has since expanded and built a factory capable of producing over half a ton of dried products per day for both the domestic and export market. There are other small-scale processors who have embarked on fruit and vegetable drying in communal areas in Chinamhora, Masvingo, Mutoko, and sev-

¹ Personal communication with T. E. Mswaka, the Executive Director of Cairns Processing Company.

eral other areas. There are also widespread seasonal shortages of fruits and vegetables in many parts of the country, both rural and urban, and yet during peak production periods there is a glut and large amounts of fruits and vegetables go to waste. Therefore, there is a potential for small-scale drying and preservation which could ensure a more sustained supply of this important foodstuff among all members of the Zimbabwean community, especially in regions of the country facing shortages.

Small agro-processing industries located in growth points have locational advantage to both raw materials and the local market. This advantage can then be used as a leverage for penetrating markets in the urban areas. The area of small-scale commercial fruit and vegetable processing is a good potential investment area which needs to be developed and supported. According to Pricewater House (Pricewater House 1994), the opportunities for expansion exist in canning, bottling, juicing, dehydrating, and freezing in the growth points and the surrounding hinter lands.

PRE-PRODUCTION CONSTRAINTS

Much of the literature referenced is abound with information on problems of small-scale/communal farmers in Zimbabwe. These problems have led to low farm productivity and subsequently low farm income. Mudimu categorized the causes of the problems as: (1) environmental, (2) technological, (3) financial and economic, (4) sociological, and (5) managerial (Mudimu 1994). These (constraints) are found in the pre-production, production, and marketing stages of the model. The major constraints identified in the pre-production stage for the horticultural production and marketing enterprises are technical, policy, financial, and infrastructural in nature. These are discussed as issues below.

Technical Constraints

Regarding access to technology and method of transfer, the government extension service is the main channel through which communal farmers get access to technological advice. After independence, the extension service was reorganized and strengthened to improve accessibility to the communal farmers. This

reorganization led to the creation of the Department of Agricultural, Extension, and Technical Services (AGRITEX) with a mandate to concentrate on small-scale farming. A major outcome of the creation of AGRITEX is the reduction of extension officer to farmer ratio from about 1:3,000 to 1:600.

Until 1980 agricultural research in Zimbabwe was focused on solving the problems of large scale commercial white farmers. Since 1980, public research focus has been on developing sustainable crop and livestock production systems for the low rainfall areas. Mudimu argues that the current available technologies and production systems for both cash and food crops are not well suited for increased production in the communal areas, and consequently, land and labor productivities are low (Mudimu 1994). There is, therefore, a need to develop high yielding varieties of crops and livestock, new crop/livestock production systems and improved management practices for adaption to the communal areas. To this end, Mudimu suggests the following research agenda.

- New and better data on the resource endowments, opportunities, constraints, and aspirations of small-scale farmers.
- Research to develop and evaluate practical and profitable technologies appropriate to the resources and needs of small-scale farmers.
- Models to devise and test enterprise combinations relevant to the needs of the communal farmers.
- Research in organic farming and integrated pest management technology and various low-cost energy production methods, which are practical and profitable for small-scale farmers.
- Research on combination of circumstances and factors that maximize the effectiveness of information delivery systems to small-scale farmers.
- More information on the benefits and limitations of current and alternative marketing systems for various commodities for the small-scale farmers.
- Research on (a) low-energy crop drying; (b) minimum tillage; (c) animal draft power; (d) improved irrigation efficiency; and (e) low-cost farmer built

renewable energy systems for the small-scale farms with limited capital resources.

- Studies on the role off-farm income and remittances in determining the economic and social well-being of small-scale families and their surrounding communities.
- Research on the long-term impacts of public policies, which impact on the structure, viability, and sustainability of the small-scale farming sub-sector.

The Commercial Farmers Union (CFU) is a well organized association with powerful interest groups or organizations that lobby in the interest of the commercial farmers. The commodities interest groups within have had and continue to exert pressure on the agricultural related policy formulation process in Zimbabwe. These groups (associations) have the capacity to employ production experts who provide extension, advisory, and informational services, at a cost, to the commercial producers, as well as information services which are critical to effective farm management, planning, and decision-making. The commercial farmers are, therefore, kept abreast with the state-of-the-art technologies, latest market and price information and developments, and other factors that influence farm viability.

The communal and small-scale farmers on the other hand are represented by Zimbabwe Farmers Union (ZFU). Although ZFU is fairly vocal, it is not financially strong and does not have special and commodity interest groups that lobby for the farmers' cause. Because of its weak financial situation, it does not have adequate and sufficient technical capacity to provide extension and other service to its numerous members. This lack of clout by ZFU and the inability of the GOZ to support a strong research and development system for the small-scale enterprises pose serious constraint.

Policy Constraints

A review of Cooper and Lybrands suggests that lack of clear guidelines on land ownership and utilization is fundamental to the policy problem (USAID/Coopers and Lybrand 1995). The two major issues here are land tenure/resettlement and the Water Act. Under the land

resettlement program of 1980/81, 162,000 farming households were to be resettled on 10 million hectares of land. By 1990, less than a third of the target (52,000) families had been resettled on 2.5 million hectares of land. However, the current Land Tenure Commission will provide a framework and recommendation that will lead to pragmatic policies to address communal land problems.

Water is the most critical resource for agricultural production in Zimbabwe. Consequently, the control and use of available water resources is the key to the success or failure of agricultural ventures. The current problems with the Water Act is inherent in Section 63 of the Act, which governs and protects those with priority rights (The Zimbabwean Farmer 1994b). The priority zones were established in the Rhodesian era and holders of rights have priority in the use of public water. Commercial farmers have monopoly on these rights and it has been difficult to overturn them in the water courts. Section 43 of the Water Act provides that private water is vested in the owner of the land on which it is found, and its sole and exclusive use shall belong to the owner. The Act further states that all water, other than private water, is vested in the President and shall not be abstracted, apportioned, controlled, diverted, or used except as directed by the Water Act. The current land tenure systems makes it very difficult for small holders to receive favorable actions when they apply for water rights. The passing of new land tenure system law which gives ownership of land and priority of water to indigenous farmers is, therefore, a major policy agenda to be addressed by the government.

Credit Constraints

According to the World Bank report on Zimbabwe Agricultural Sector Memorandum, there is a strong demand in the communal areas for medium-term assets like oxen, yokes, ploughs, cultivators, and scotch carts (World Bank 1991). These assets are required to upgrade the farming systems of households, which have not previously possessed them, and wish to expand their production capacity. There is also a steady demand for these items on a replacement basis for those who already have them. Consequently, the development and maintenance of farming capacity in the communal areas has become increasingly depen-

dent on the ability of the farmer to procure seasonal inputs and make occasional investment in farm assets. However, the literature referenced suggests that communal farmers have limited access to credit to acquire enough credit for capital investment as well as operating expenses.

In the case of accessibility to credit, the rules, procedures, and conditions of granting loans were and still are designed in favor of the large scale farmers. In addition to unfavorable procedures, the current cost of capital (about 35%) is too high for emerging small-scale farmers and businesses. Most of the credit granted to small-scale farmers (about 70%) according to Magadzire has been short-term credit for the purchase of seasonal inputs with negligible amounts being granted for medium and long-term developments (Magadzire 1994). The result, therefore, has been that no meaningful development in terms of land improvement and other investments required to maximize productivity has taken place. Because of these financial constraints, Mudimu argues that small farmers are forced to operate in a situation of low income and low farm productivity and, consequently, tend to operate to maintain basic subsistence (Mudimu 1994). Consequently, the small-scale farmers stay away from making long-term investments and avoid investing in capital intensive production practices which, even though may have high returns, are considered too risky.

Infrastructural Constraints

Common utilities such as roads, water (boreholes and dams), communications in the form of telephones and other mass media like radio, television, and press are key to economic activities. Furthermore, financial institutions and their services provide an impetus to business development. In Zimbabwe, most of these are developed in urban and commercial farming districts, while the communal areas are poorly supplied with these facilities. Power (electricity), which is key to meaningful development of elementary processing and rural engineering, is not readily available in all rural areas. Most of these utilities require huge capital outlay which are generally provided as public goods. Government policies should be made to encourage the entry of private sector into these areas.

PRODUCTION CONSTRAINTS

Most of the pre-production constraints discussed earlier also occur at the production stage. However, the major issues at the production stage are technical in nature. The technical constraints include (a) low human capital base and (b) poor farm management practices.

Low Human Capital Base

An analysis of the resources available to the farm firm household indicates that human capital formation is low. In general, the level of technical and managerial training of the small-scale farmers are considerably lower than those of the commercial farmers. There is a need then for more investment in human capital to improve worker and allocative effects in the small-scale farming sector. The improvement in the quality of labor and management for and in the communal sector should include: specialized (tailor made) hands-on training for farm laborers and operator managers (in the short run) and modification of training programs at the University and technical college levels for the agricultural researchers, agricultural officers and extension personnel (long-term). Both types of training should focus on technical and management skills.

Management Practices

Although the small-scale farmers' share of the export of vegetables and fruits is relatively small, they contribute substantially to the large domestic market. It is generally accepted that the yield of the fruits and vegetables in the communal areas is about one-third of that of the commercial farms. This low productivity is a result of poor soils, limited access to input (irrigation water, credit, improved seeds), poor cultural practices, and lower levels of management skills.

The relegation of the indigenous population to the poor soils in the communal areas forced them to acquire technical skills needed to cultivate crops that are reliable and less risky (sorghum, etc.) but not of high value. The limited technical skills of the communal farmers is a direct result of strategically cultivating crops for family subsistence and survival.

Subsequently, they have not developed technical skills for the production of high value horticultural crops. Although a significant quantity of tomatoes is produced by indigenous farmers (who have irrigation systems), they treat tomatoes as a secondary crop which is produced during their slack period. Because of limited accessibility to inputs and poor farm management practices (limited use of chemicals, improved seeds, fertilizers, etc.), there is a significant difference between tomato yields of indigenous farmers (10 tons/hectare) and commercial farmers (90-100 tons/hectare). There is, therefore, a need to develop enterprise combinations which include the communal farmers food safety crops (Sorghum, Millet etc.) as well as high value horticultural crops, which are economically viable and technically feasible for the communal areas.

MARKETING CONSTRAINTS

Communal farmers' primary marketing restraints are due to their inability to consistently supply the large quantity as well as high quality produce for the market. The bulk of horticultural produce of small holders is marketed in the informal sector. The supply of leafy vegetables tend to be seasonable and, consequently, prices are low during the harvest seasons. Most horticultural produce is highly perishable and is mostly transported in open (non-refrigerated) trucks. They are usually left exposed to sun or covered with wet cloth. This practice leads to the deterioration of quality and creates serious problems for export markets.

Transportation is one of the major constraints to communal farmers during the peak periods. Because farms in the small holder section are dispersed and feeder roads are usually in poor conditions, especially in the rainy season, the movement of produce

becomes a major problem. Transportation problems which serve as constraints to marketing are threefold: (a) the quality of the network, (b) the availability and adequacy of vehicles, and (c) transport cost of produce. The inadequate road networks force farmers to transport their produce over long distances to the nearest road. The rough roads cause bruising and crushing of perishable produce. There is also high lorry operating cost, due to excessive vehicle wear. The combined effects of the above constraints has led to high transportation charges borne by the farmer, which translates to high cost per unit of commodity sold. Such costs can be lowered through investment in improved transportation infrastructure and marketing facilities.

Due to relatively low volume of marketed output and the poor road infrastructure, the individual small-scale farmers are limited in critical mass and bargaining power. They are limited in seeking higher prices for their products and cannot take advantage of the expanding horticultural market. Because of their relatively low volume and weak bargaining power, they have limited capacity to gain access to conducting marketing on an individual basis. Another limiting marketing factor is access to and ability to use marketing information. The ability of the communal farmers to receive and utilize market information is hampered by low educational levels, poor road networks, and underdeveloped electricity infrastructure for radio and television informational systems.

There are potential opportunities for marketing and processing activities that could add value to the commodities produced by small-scale farmers. These opportunities could be realized through short/medium-term development of emergent black entrepreneurs or groupings (association or marketing cooperatives) of small-scale farmers to venture into primary processing and some marketing activities (storage, grading, packaging, etc.) which add more value to their produce.

Proposed Interventions

The intervention component of the model calls for: (1) the building of sustainable private sector, (2) development of indigenous capacities, and (3) empowering indigenous farmers and business people to collaborate with donor organizations, governments, and non-government organizations to develop solutions to pre-production, production, and marketing constraints outlined in this paper. It will require a new form of partnership in which donors and the government play a lesser role in the development and management activities, and NGOs and the targeted group play a more central role. Coordination of multiple donor resources (including government resources) is critical, and leveraging of resources is a must.

The new collaboration may have the following characteristics:

- The government provides leadership through planning in addressing policy, phytosanitary, and significant infrastructural issues (i.e., land tenure, roads, telecommunication, etc.);
- NGOs/Donors might contribute towards: (a) credit mobilization, (b) extension services, (c) market intelligence, and (d) technology transfer through managing, planning, and evaluating developmental activities;
- Local Private Sector participates in (a) production, (b) input supplies, (c) credit mobilization, (d) transport, and (e) packaging;
- Some marketing issues could be jointly addressed by NGOs, GOZ, donors, and the private sectors. These issues might include market research, packaging, and establishing client driven cooperatives.

It will require a new form of partnership in which donors and the government play a lesser role in the development and management activities, and NGOs and the targeted group play a more central role.

Despite the widely publicized idea of indigenization of the economy, the major stakeholders of the idea, (government, the private sector, and donors) have not joined their forces to develop systematic/strategic plans to facilitate economic development of the black majority. John Carter of Chartered Standard Bank's recent statement in the March 28th edition of the *Herald*, "so far none of the key players in the indigenization issue have yet devised a clear implementation strategy to economically empower the majority blacks," supports the need for strategic planning for black empowerment (Carter 1995). There is a need for an institutional structure to spearhead this transformation.

This is a major pre-production strategy critical to the proposed model. The following suggestions are proposed to form the foundation for an effective and sustainable black empowerment strategy for Zimbabwe.

INSTITUTIONAL FRAMEWORK

It is recommended that a domestic institutional structure be charged with the responsibility to facilitate and coordinate interventions to address the pre-production, production, and marketing issues discussed above. This could be an existing institution (i.e., Horticultural Promotion Council or ZFU) or a new organization to be created for that purpose. That organization should have the following responsibilities and characteristics:

- Organizing farmers and businesses financially strong into associations for the purpose of collective bargaining and management of their marketing activities.

- Develop broad-base policy measures and instruments which are designed to restructure the agricultural and business sectors of the economy and create enabling environment to provide effective participation of the black community in the economy and seek government support through legislation.
- Coordinate donor efforts in seeking diversified funds for the indigenization program.
- Provide infrastructure by way of assembly markets for bulking up and grading of produce.

RESEARCH, TRAINING, AND EXTENSION

To accomplish the research, training, and outreach innovations needed to address the problems of small-scale farmers and emergent business, it may be necessary to support domestic institutions to help address such issues. These activities should include the research and training issues discussed in the analysis section. Currently there is a limited choice of enterprises which communal farmers in the marginal areas could use to improve their incomes. Local universities and/or private firms could be requested to perform the needed services at a cost to be paid with funding from various sources (including donors, government, and small entrepreneurs through the organized associations or cooperatives). In addition to long-term research, teaching, and extension activities, there is a need for training that will provide practical experience for emerging black entrepreneurs to develop technical capabilities in management/business skills and marketing strategies. The provision of such training should be done through a sustainable institutional framework that includes educational institutions, NGOs, and private sector businesses. These training needs could be accomplished through:

- Training of Trainers for Agribusiness Management. This would require support to facilitate the development of an agribusiness management curriculum at a local university or NGO in Zimbabwe. A successful implementation of an agri-

business management program at the local University would provide a domestic institutional capacity that could link private businesses to provide future in-country short-term training for Zimbabweans and maybe for the southern African region.

- Immediate Agribusiness Management Training for Indigenous Emergent Entrepreneurs. This can be accomplished through a human resources development activity under the strategic objectives of USAID/Zimbabwe's strategic plans or through USAID's Southern African Regional office with technical assistance from U.S. universities and private sector businesses. The training should be linked to the domestic institutions (i.e., private consulting firms, NGOs, and/or a university). Most of the research stations in Zimbabwe are over-centralized in the natural regions I and II and are hence not well positioned to carry out research in small holder areas. Based on our knowledge of the institutions of higher education in Zimbabwe, it is strongly recommended that Africa University (a newly created private institution), located in Mutare in region II/III with easy accessibility to regions IV and V, be considered for a pilot testing of the proposed research, teaching, and extension innovations.

CREDIT/FINANCING

Limited and reasonably priced credit for small-scale farmers and emerging black entrepreneurs is very central to the concept of black empowerment in Zimbabwe. The fungibility nature of credit makes it the necessary condition for addressing the constraints identified in the pre-production, production, and marketing stages of the model. Timely and adequate credit necessary for relaxing some of the constraints in the pre-production stage and capital to venture into economically feasible ventures in value added activities by emerging black entrepreneurs are central to any plan for economic empowerment. A focused and streamlined program, therefore, needs to be developed to provide low risk finance to small-scale farm-

ers and emerging black entrepreneurs. To be effective, such a scheme should be targeted for ventures which have been assessed to be economically viable.

There is a need to mobilize off-shore capital for formal credit to support small-scale farming and expand emerging black business in the input and marketing sub-sectors. The formal credit should be used to leverage, expand, and mobilize non-formal rural financial institutions. Mobilization of rural financial markets, mainly through savings and deposits, will complement the initial formal credit base to develop a sustainable local financial base. Lessons learned from other projects dealing with financial intervention in agribusiness development in Africa should be used to research and design appropriate credit interventions to support the black empowerment in the Zimbabwean economy.

Given the current financial situation of Zimbabwe, it is essential that a major donors forum be organized to explore the possibility of creating public/private sector foundation/endowment funds. USAID through its Private Sector Development Unit (PSD) and USAID/Harare, could provide a leadership role through: (a) participation at such a donor forum/meeting, (b) support the research and design of appropriate endowment models with credit schemes, and/or (c) through its Southern African Enterprise Development Fund (SAEDF) initiate the endowment capital fund for the indigenization of the economy.

OPPORTUNITIES FOR SPECIFIC INTERVENTIONS

Horticulture Enterprise (Vegetables)

A project design and feasibility analysis could be undertaken to test the model for vegetable production and marketing. The recommended geographic site should be either the Bushu or Murewa area. The Bushu area has roughly 12,000 households and is suitable for horticultural production. It also has nearby markets in Harare. There is currently a resettlement plan for about 200 families in the area. Each household is expected to have 12 hectares of land. River Mfori is a good source of water for the area. The

government-owned Eben Dam which is relatively large is also located in the Bushu community but lacks facilities for pumping water.

Rural Engineering Services

A project could be designed, with Tanroy Engineering, to test the model in the supply of inputs for farm production and off-farm micro-processing enterprise. Tanroy Engineering is a semi-modern enterprise owned and operated by three young artisans in Harare. Such a project could focus on the input subsector, which is primarily a non-farm venture. The recommended geographic site should be either the Murewa and/or Gokwe, Chinhoyi area(s). Tanroy Engineering is already designing and manufacturing appropriate technology for communal farmers and micro/small processing enterprises. Their products range from farm inputs (hoe, scotch carts) to food processing equipment (grain dehullers, grain grinding mills, peanut butter mills, winnower decorticators, groundnut shellers, oil processing machines and grain roasters) to general fabrication and construction products. Their main limitation is capital for expansion and may need some technical assistance in engineering/design and training in financial and business management.

CASE STUDIES

- The Nicole Brothers are embarking on a project in the Chinhoyi area to develop dams to help solve water problems of both large scale and small-scale vegetable producers. The project already has off-shore financing. The focus of the case study here should be on (a) organization for marketing, (b) collaborative relationship between large and small-scale farmers, and (c) the functioning of the support systems.
- The privatization of the Grains Marketing Board (GMB) will lead to the closure of several of their depots and create problems for input supply and marketing. A case study could be done on how ZFU could acquire some of GMB depots and turn it into marketing cooperatives for input and output distribution.

- Historically, there has been efficient black freehold cash crops (tea, coffee, tobacco, and cotton) production and marketing in the Honda Valley area. The viable enterprises have a history of collaborating relationship between small-scale and commercial farms. A case study could be conducted to determine the socio-economic factors and lessons of success that might be applied to other areas.
- It is recommended that the proposed case studies be included in the activities of the analytical agenda of USAID/PSGE/AMA-PSD.

Appendix A

Areas Visited

February 23, 1995: Musana

Musana is located north-east of Harare and is considered a service center. It consists of general dealer shops, milling factories, piggeries, and blacksmith stores that make hoes and axes for farmers in the area. There are flowers and fruits and vegetables grown by adjacent commercial farmers in a market area which is well-served by the public because of favorable infrastructural facilities.

March 23, 1995: Murewa Environment and Communal Area

Murewa is a vibrant growth point with various industrial activities and commercial services including banks, post offices, and public road transport services. Murewa is located north-east of Harare and is surrounded by 15 villages. There are 10 small workshops engaged in welding and making small tools and scoth carts. Also found in this area are several hammer-mills, piggeries, poultry plants, small oil processing units, bakeries, fruits, vegetables, grain, and beef and dairy farms.

February 24, 1995: Chinamhora Area

Chinamhora is approximately 35 km from Harare. It is regarded as a dormitory of Harare (because of its proximity to the city). It has similar services and products as Musana and supplies vegetables and fruit for Harare throughout the year. Chinamhora is ideal for canning and tinning projects because of the facilities located there.

March 25, 1995: Shamva and Bushu

Shamva is a town in the same vicinity as Musana, but is generally dominated by commercial farmers with villages next to the roadside. Bushu, an area with a typical rural setting, consists of small shops dispersed throughout the town with no centralized service center. Activities carried out are farming of both summer and all-season vegetables, hammer-milling and blacksmithing. There is a re-settlement village near a dam, but there has been little access to water partly because of the lack of equipment to draw the water.

March 26, 1995: Rasape and Nyabadza Area

Rusape which is 180 kms from Harare is a vibrant growth point surrounded by both commercial and communal lands and villages. At Nyabadza (15 kms out of Rusape) there is a service centre which also has periodic markets with all sorts of wares and farm produce. The area has potential for several projects and has good road to Nyanga where there are tourist resorts.

March 27, 1995: Mutare Area

Mutare is 265 km from Harare. The Africa University is just 20 km outside Mutare. Areas around Mutare grow a variety of fruits, vegetables and tubers. The University is an ideal collaborator for agrobusiness projects in that area.

Appendix B

Persons Contacted

Name	Position	Organization
Dr. L. Mhlange	General Manager	Agriculture and Rural Development Authority
E. Chakave	Marketing Officer	Zimbabwe Farmers Union
E. Mupunga	Manager	Zimbabwe Oil Press Project
Dr. N. Moyo	SNR Strategist	International Labor Organization (ILO)
T. E. Mswaka	Executive Director, Former Sec., Ministry of Finance	Cairns Foods
S. Heri	Chief Executive	Horticulture Promotion Council
M. Gwirize	Managing Director	Ttanroy Engineering
T. Mubvekeri	Executive Director	Tanroy Engineering
R. Mbiriri	Executive Director	Marketing Finance Corporation
Mr./Mrs. J. Mapanga	Executive Directors	Takura Invest and Milling-Murehwa
N. Mudimu	Artisan	Mudimu Welders-Murehwa
L. M. Chistsiga	Owner Milling	Chitsiga Milling Murehwa
Manager	Manager	Kutesanzira Stores-Murehwa
Mr. Nyirenda	Assist. General Manager	Agriculture Finance Corporation, Harare
Dr. R. Armstrong	General Development Officer	USAID, Harare
C. Chihera	Project Officer	USAID, Harare
Dr. R. M. Mupawose	Executive Director, Former Sec., Ministry of Agriculture	Zimbabwe Leaf Tobacco
G. Sithole	Chief Ecoomist	Ministry of Lands and Agriculture
S. Nhando	Assistant Secretary	National Planning Agency President's Office - Harare
T. Samunyayi	Deputy Secretary	Ministry of Transport
M. Muchaneta	Managing Director	Zimbabwe Consumer Council
R. Samuriwo	Assistant General Manager	Old Mutual, Harare
Mr./Mrs. Shama	Farmers	Shamva Mash Central
Chief Bushu	Chief	Bushu Communal Area
J. Maswera	Businessman/Farmer	Maswera & Sons Farm; Former Policy Inspector; Rusape

Name	Position	Organization
O. Mlanda	Inspector	Posts & Telecommunication - Mutare
Mr. & Mrs. Maimba	Farmers	Sharva
Dr. J. Kurewa	Vice Chancellor	Africa University
Dr. A. Mphuru	Dean, School of Agriculture	Africa University
Mr. Tsododo	Deputy Director	Agricultural and Extension Services

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